

AMENDED IN SENATE APRIL 24, 2000

AMENDED IN SENATE MARCH 27, 2000

SENATE BILL

No. 1928

Introduced by Senator Haynes

February 24, 2000

An act to add Chapter 21.6 (commencing with Section 7521) to Division 7 of Title 1 of the Government Code, relating to public retirement fund investments.

LEGISLATIVE COUNSEL'S DIGEST

SB 1928, as amended, Haynes. Capital Markets Task Force Board.

Under existing law, the retirement boards of public pension or retirement systems have plenary authority over the investment of pension funds, subject to their fiduciary duties to the members of the system.

This bill would declare *the* Legislature's concern over investments by the Public Employees' Retirement System in foreign companies that promote terrorism, the proliferation of weapons of mass destruction, and the violation of human rights. This bill would encourage the Board of Administration of the Public Employees' Retirement System and the ~~State~~ Teachers' Retirement Board not to invest in foreign companies that pose threats to national security and human rights. This bill would establish the Capitol Markets Task Force Board, which would make recommendations to the Board of Administration of the Public Employees' Retirement System and the ~~State~~ Teachers' Retirement Board regarding

national security, human rights, and social concerns material to the performance of investments.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature is concerned about
2 recent public revelations that the Board of
3 Administration of the Public Employees' Retirement
4 System has invested pension funds in foreign companies
5 that may pose threats to national security by promoting
6 terrorism and the proliferation of weapons of mass
7 destruction, and has also invested in a foreign company
8 that is financially supporting a dictatorial regime in Sudan
9 that has been accused of abominable human rights
10 violations, including genocide and slavery.

11 (b) The Legislature encourages the Board of
12 Administration of the Public Employees' Retirement
13 System and the Teachers' Retirement Board, pursuant to
14 the fiduciary standards prescribed by Section 17 of Article
15 XVI of the California Constitution and related statutes,
16 not to invest in foreign companies that pose threats to
17 national security and fundamental human rights.

18 SEC. 2. Chapter 21.6 (commencing with Section
19 7521) is added to Division 7 of Title 1 of the Government
20 Code, to read:

21
22 CHAPTER 21.6. CAPITAL MARKETS TASK FORCE BOARD
23

24 7521. The Capital Markets Task Force Board is hereby
25 established. As used in this chapter, "board" shall mean
26 the Capital Markets Task Force Board. The board shall
27 consist of:

28 (a) _____.

29 (b) _____.

30 (c) _____.

31 (d) _____ consist of the following
32 elected officials or their respective designated
33 representatives:

- 1 (a) *The Governor.*
- 2 (b) *The Treasurer.*
- 3 (c) *The Controller.*
- 4 (d) *The President pro Tempore of the Senate.*
- 5 (e) *The Speaker of the Assembly.*
- 6 (f) *The Minority Leader of the Senate.*
- 7 (g) *The Minority Leader of the Assembly.*

8 7522. The board shall make recommendations to the
9 Board of Administration of the Public Employees'
10 Retirement System and the Teachers' Retirement Board
11 with respect to the following:

- 12 (a) National security concerns.
- 13 (b) Human rights concerns.
- 14 (c) Social concerns material to the performance of
15 investments.

